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AUTHOR	McNeill, Mary Elizabeth; Chiang, Lifang; Raymond, Dennis J.
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ABSTRACT

The formation of local workforce investment boards (WIBs) was examined through case studies of two sites in Indiana and two in Kentucky. The four sites had very different labor market conditions, contexts, and One Stop histories that affected their formation of local WIBs and selection of One Stop operators. The boards surveyed ranged in size from 48 to 53 members. All four WIBs formed an executive committee and subcommittees. Most policy work was performed at the committee level. The size of the boards was unwieldy and caused logistical difficulties for WIB staff. Board members at all four WIBs relied on WIB staff to provide research and information and ensure that the board meets guidelines and deadlines. All four WIBs were seeking additional funding in various forms. Some individuals interviewed expressed concern that the Department of Labor (DOL) was not coordinating with other agencies; others voiced complaints about the lack of guidance and coordination at the state level. Despite the challenges facing the WIBs surveyed, they all supported the idea of creating an integrated workforce investment system for their local area. (The following items are appended: state profiles; WIB profiles; a list of acronyms; and the DOL response to the draft report.) (MN)

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An Overview of the Formation of Local Workforce Investment Boards Under the Workforce Investment Act

U.S. Department of Labor
Office of Inspector General
Office of Analysis, Complaints and Evaluations

Report No. 2E-03-390-0001
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EXECUTIVE SUMMARY

Purpose

The purpose of this study is to provide an overview of the formation of local workforce investment boards (WIBs) under the Workforce Investment Act (WIA). These case studies show challenges and opportunities facing WIBs. We selected Indiana and Kentucky because they did not allow local workforce investment areas to grandfather in any of their existing local workforce development boards. These States required local areas to form new boards that met WIA's membership requirements. In addition, Indiana and Kentucky had certified all WIBs.

We visited four sites, two in Indiana and two in Kentucky. The four sites we visited were very different in their labor market conditions, contexts and One-Stop histories. These differences affected the formation of the local workforce investment board and the selection of One-Stop operators.

Despite these differences, there were several challenges common to all WIBs. These challenges included board size, the role of staff, funding, and guidance and coordination.

Findings

The boards we surveyed ranged in size from 48 to 53 members. All the WIBs formed an executive committee and subcommittees. Most of the policy work is being performed at the committee level. The size of the board is unwieldy and has caused logistical difficulties for WIB staff. WIB staffers at two of the sites we visited questioned whether it was necessary to make One-Stop partners board members.

In all four WIBs, board members rely on WIB staff to provide research and information, particularly on WIA legislation. Staff also ensures that the board meets guidelines and deadlines. The WIBs were all looking for additional funding in various forms.

A number of those we interviewed expressed their concern that Department of Labor (DOL) was not coordinating with other Federal agencies, while others expressed complaints about the lack of guidance and coordination at the State level. Some staff and board members expressed a desire to have more information on best practices.

Regardless of the challenges facing the new boards, such as managing a large board and funding, the WIBs we surveyed support the vision of WIA and the idea of creating an integrated workforce investment system for their local area.

Recommendations

This report contains no recommendations. However, the case studies offer examples of the opportunities and challenges facing local boards.

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PURPOSE

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BACKGROUND

The 1998 Workforce Investment Act (WIA) is the first major reform of the nation's job training system in the last 15 years. WIA embodies seven key principles: 1) streamlining services through a One-Stop service delivery system, 2) empowering individuals through information and access to training resources through Individual Training Accounts (ITA's), 3) providing universal access to core services, 4) increasing accountability for results, 5) ensuring a strong role for Local Boards and the private sector in the workforce investment system, 6) State and local flexibility and 7) improving youth programs. This report examines the formation of local workforce investment boards in two WIA early implementation States – Indiana and Kentucky.

WIA establishes a two-tiered governance structure within a State – a State workforce investment board and local workforce investment boards. The Governor designates local workforce investment areas in which workforce activities are to be administered by a local Workforce Investment Board (WIB). Under the legislation, the local Chief Elected Official (CEO) appoints the local WIB. The majority of WIB members must be business representatives. The WIB must also include representatives from education, labor organizations, community-based organizations, economic development and a representative from each of the One-Stop partners. One-Stop partners are programs that must provide core services through the One-Stop, and include programs authorized under WIA, the Wagner-Peyser Act, the Adult Education and Literacy Act, the Vocational Rehabilitation Act, the Welfare-to-Work grants, title V of the Older Americans Act, postsecondary vocational education under the Perkins Act, Trade Adjustment Assistance, veterans employment services under chapter 41 of title 38 U.S.C., unemployment compensation laws, Community Service Block Grants, and employment and training activities carried out by the Department of Housing and Urban Development. The Governor sets criteria for appointment of members and certifies the WIB.

The WIB focuses on strategic planning, policy development and oversight of the local program. It develops the local plan to be submitted for the Governor's approval, designates eligible providers of training services, negotiates local performance measures, assists in developing a statewide employment statistics system, and designates local One-Stop operators. In addition, the WIB, with the agreement of the chief elected official, selects the operator of a One-Stop through a competitive process or may designate a consortium of not less than three One-Stop partners to operate a center. A WIB may not be designated or certified as a One-Stop operator unless agreed to by the chief elected official and the Governor.

Each One-Stop partner is required to enter into a Memorandum of Understanding (MOU) with the local board. The MOU describes (1) the services to be provided through the One-Stop system, (2) how the cost of the services and operating costs of the system will be funded, (3) methods of referral of individuals between the One-Stop Operator and the One-Stop partner, (4) the duration of the MOU, and (5) the procedures for amending the MOU.

The WIB must also establish a Youth Council as a subgroup to the local partnership. The youth council is appointed by the WIB to develop portions of the local plan relating to youth, recommends providers for youth services and coordinates youth activities in the local area.

METHODOLOGY

Our findings are based on the case studies of four local WIBs. We used the following process to develop our study.

INFORMATIONAL INTERVIEWS

To gather background information we conducted informational interviews with organizations that have experience working on workforce development issues at the State and local level. We conducted interviews with the Employment and Training Administration's (ETA) Office of Policy Research, the National Association of Workforce Boards (NAWB), the National Governors' Association (NGA) and the National Conference of State Legislatures (NCSL). The objective of the interviews was to learn what different WIA stakeholders view as implementation issues. Of the issues presented to us, we decided to look at the formation of WIBs under WIA.

REVIEW OF EARLY IMPLEMENTATION STATES

Next, we contacted WIA Early Implementation States to determine how far along

they were in the implementation process. We obtained from the NGA website a list of the 16 States DOL has approved for early implementation of WIA. Using the contact list on the NGA website, we conducted the telephone interviews with 11 of the 16 States. Nine of the States we contacted were forming new WIBS. Of these nine, only Indiana and Kentucky had certified all their WIBs.

SELECTION OF SITES

Because the purpose of our case studies was to learn what implementation has been achieved, understand why implementation is occurring in a certain manner, and identify unanticipated aspects of implementation, we chose sites that are representative of the different ways WIA may be implemented. We interviewed WIA State staff in Indiana and Kentucky. We then visited local sites. At each local site we interviewed WIB staff and a cross section of WIB members. The objective of the interviews was to learn what different stakeholders view as implementation issues.

SCOPE

Because States have a great deal of flexibility in structuring local workforce investment boards, these case studies may not be representative of all WIBs. However, they do offer examples of the opportunities and challenges facing local boards.

NORTHERN INDIANA

The Northern Indiana Workforce Investment Area is comprised of 4 counties in northern Indiana with a population of 550,000. Included in this area is South Bend, Indiana. The WIB has 58 members, including the Chief Executive Officer or President of the WIB.

In forming the board the Local Elected Officials (LEOs) and WIB staff established a Membership Development Committee to review nominations. After recruiting members and ascertaining that membership satisfied State and federal requirements, the committee forwarded nominations to local elected officials for appointment. The LEOs required JTPA Private Industry Council (PIC) members who were interested in serving on the board to go through the same

nominating process as new members. Of 35 PIC members, 16 transitioned to the WIB.

NORTH CENTRAL INDIANA

The North Central Indiana workforce investment area is composed of 6 rural counties. The WIB has 53 members.

When forming the WIB, the CEO agreed to keep the PIC intact and add the new members mandated by WIA. The CEO, staff and PIC reasoned that keeping the PIC together would provide the WIB with a core group that was accustomed to working together.

LOUISVILLE/JEFFERSON COUNTY

The Louisville/Jefferson County Workforce Investment Area encompasses a metropolitan area with a population of approximately 700,000. The WIB has 49 members.

When developing the WIB membership, the staff worked very closely with the Mayor, County Judge Executive (Chief County Official) and the Metropolitan Chamber of Commerce, Greater Louisville, Inc. Approximately 75% of WIB members are new with virtually all of the business representatives being newly appointed. The Mayor and the County Judge remain very active on the board.

PURCHASE/PENNYRILE

The Purchase-Pennyrile Workforce Investment Area encompasses 17 counties in rural western Kentucky and a population of 387,000. The WIB has 48 members.

PIC/WIB staff asked each LEO to make nominations from his or her county. About half the board members are new. LEOs used the formation of the WIB as an opportunity to remove PIC members who were not participating. Increased size was not a problem. The PIC had 43 members. Under WIA, board size only increased by 5 to 48.

For State profiles on Indiana and Kentucky see Appendix A. For more information on each WIB see Appendix B.

FINDINGS

Local boards face several challenges including board size, role of staff, funding and guidance and coordination.

BOARD SIZE

Committee Structure

Because of WIA's mandated membership requirements, the sizes of the boards we studied ranged from 48 to 58 members. All the WIBs formed an executive committee and subcommittees. The executive committees have the power to make routine decisions concerning the budget and business plans without consulting the full board. WIB staffs and board members believe it is unrealistic to expect such a large board to make every decision.

In Louisville/Jefferson County, committee recommendations first go through the Executive Committee before being presented to the full board. Louisville/Jefferson County's Executive Committee is primarily composed of business representatives. One staff member of Louisville's LEO who helped form the WIB wanted the Executive Committee to be made up exclusively of business representatives. She felt that because the WIB was to be business-driven, business people should be the key decision makers. She also wanted business people to be free to discuss issues and raise questions in the committee meetings without worrying about offending other WIB members. The two education representatives lobbied to be on the Executive Committee because they did not agree that it should be comprised exclusively of business people. Currently, Louisville/Jefferson County's Executive Committee is predominantly made up of business people with two representatives from the education community.

In North Central Indiana, the Executive Committee is predominantly made up of former PIC members. Because the North Central PIC had been planning for two years prior to WIA to separate the board from the provision of services, the staff and WIB Chairman felt it was important to keep the core group of PIC members together. They had a history of working together and all understood what the WIB was trying to accomplish. While using former PIC members to form the Executive Committee did solve some problems, it may have created others. One of the WIB members who was not on the Executive Committee, felt that the Executive Committee was making decisions that should have been made by the full board. The WIB staff indicated that they were struggling with what decisions could be made by the Executive Committee and what decisions should be voted on by the

full board.
Most of the policy development is being performed at the committee level. The Louisville/Jefferson County WIB Chairman cautioned against having too many committees and being perceived as overly bureaucratic. Because of its size, full board meetings serve more as "fact-giving" sessions, than "fact-finding" sessions. However most staff and board members were pleased with the level of discussion of issues at full board meetings. The full board votes were not viewed as a "rubber stamp" for staff, committee or Executive Committee decisions.

Logistics

Board size can also cause logistical problems. All of the boards held quarterly full board meetings, with the exception of Purchase/Pennyrile which held monthly full board meetings. North Central has difficulty finding places large enough to accommodate the entire WIB. All the boards except for Louisville/Jefferson County, whose region only covers one county, rotate the location of the meeting. Meeting location was an important consideration for Purchase/Pennyrile, which encompasses 17 counties. The Purchase/Pennyrile staff distributed a survey asking board members when and where they would like to meet. It is a three hour drive from one end of the region to the other. So far the monthly full board meetings have been held at State parks located in the center of the region. However, this means that many members are traveling an hour and a half to attend a 2 or 3 hour meeting. The members we talked to said attending a board meeting meant giving up a day; however, they also said they did not mind the sacrifice as long as they felt the board was effective in developing the local workforce.

All the WIBs we surveyed have only had three or four full board meetings. None of them have had difficulty reaching a quorum. Staff believes it helps to set board meetings far in advance so that members have several months notice. Purchase/Pennyrile allows WIB members to send proxies. The representative of Migrant and Seasonal Agricultural Worker Programs found this very helpful. He is the one representative of Migrant and Seasonal Agricultural Worker Programs in the State and serves on several WIBs. Sending a proxy allows his programs to be represented when he is unable to attend. Several of the staff suggest using electronic mail for meeting reminders. Phoning a board of 50 would be too burdensome. Electronic mail also saves mailing and copying costs. In North Central, the staff emails executive committee members agendas and handouts, which they are expected to print and bring to the meetings.

Almost everyone we talked to commented that the size of the board is unwieldy. Neither members nor staff expected much of the work to be done by the full board. On the other hand, there was general agreement that the board benefitted from

having the diverse viewpoints of labor, education, business, economic development and community-based organizations at the table. For example, in Louisville/Jefferson County, a representative of a community-based organization believed that business people did not understand how to help those most in need. They were more concerned with workers they could quickly move into the workforce. This representative sees his role as educating the business community and making sure the board serves everyone. In Purchase/Pennyrile service providers felt a One-Stop 1-800 number would be too expensive. The business representatives stressed how important a 1-800 number was to good customer service.

For the board partnership to continue to work, the board must be able to balance the interests of the public and private sector. However, two of the WIB staffs we talked to questioned whether it was necessary to make One-Stop partners board members. Not only did their membership greatly increase the size of the board, but it also raised conflict of interest questions.

ETA's response

"Large boards are difficult for local areas to manage. However, not only are the specific membership requirements described in the Act, the commitment to inclusion and partnership is fundamental to the spirit of the Act. This was recognized by the local areas visited for this study. We anticipate that language in our final regulations will offer some guidance to local areas in how to manage the size of the boards and still meet the letter and the intent of the Act."

ROLE OF STAFF

The size of the board strains staff resources. In North Central Indiana 2 ½ staff manages a 53 member board. In Northern Indiana, the staff felt they had done a good job creating enthusiasm and energy on the WIB, but questioned whether they would have the resources to implement all the WIB's initiatives. Louisville/Jefferson County has a staff of 18. However, only 4 or 5 work directly with the WIB, and Louisville/Jefferson County staff also provides administrative support for another workforce investment area. The Purchase/Pennyrile WIB utilizes 2 staff persons to coordinate their activities.

In all four regions the WIB staff is comprised of former JTPA staff that stayed on after the transition from PIC to WIB. The board members we talked to felt the staff had the best understanding of WIA. Board members relied on WIB

staff to provide research and information and to ensure that the board met

guidelines and deadlines.

All the staffs provided board members with background information on WIA. North Central Indiana and Northern Indiana held training sessions for WIB members. Purchase/Pennyrile mailed WIB members a notebook with informational materials prior to the first meeting. In Louisville/Jefferson County, the staff has engaged in what they refer to as "chunk learning." Instead of overwhelming the board with the entire act, the board is learning a section or "chunk" at a time.

Despite the training and educational efforts put forth, some members still remain unclear regarding rules, regulations and organizations under the new legislation. WIA is very complex and the WIB staffs fear that if business people become mired in the details, they will feel as if nothing is being accomplished and lose interest. Many of the WIB members who transitioned from the PIC mentioned that WIA might be especially confusing for new members who were unfamiliar with the programs and how government works.

ETA's response

"Staff have the responsibility to provide the research and technical support for the local workforce investment board to function effectively. The board is to assume a strategic role in the workforce investment system, and remain at arms length from day-to-day operational issues. This means that the local board must maintain a separate staff that remains independent of the One-Stop operator."

FUNDING

Funding Sources

All the WIBs we talked to were looking for additional funding to develop and implement workforce development strategies. The Northern Indiana WIB receives funding from 20 different funding sources including the U.S. Department of Labor, Indiana Department of Workforce Development, Indiana Family and Social Services Administration, Indiana Student Assistance Commission, City of South Bend and Fee-for-Service. The staff is considering whether to become a membership organization to build a funding base. The staff is also considering charging fees for workshops and products produced by the WIB. The Louisville/Jefferson County WIB's annual budget is around $17 million and includes multi-year grants comprising competitive welfare-to-

work funds; State formula grants; incumbent worker grants; and fiduciary sponsorship and resources via the City of Louisville.

Negotiation of MOUs

All four WIBs have negotiated MOUs with One-Stop partners. Both Northern Indiana and North Central Indiana have very vague MOUs. Basically, they are agreements to cooperate and do not address cost allocation issues. No one that we talked to in Indiana was optimistic that MOUs would provide for resource sharing. Louisville/Jefferson County's MOUs addressed specifics involving service delivery, but not cost allocation. The WIB staff and the One-Stop partner we spoke with both believed that once the State issued a cost allocation formula, the MOUs would provide for resource sharing. Purchase/Pennyrile also had MOUs, but no cost allocation. Unlike in Louisville/Jefferson County, Purchase/Pennyrile's partners were arguing that they had no money to share in common costs.

Kentucky WIBs may be in a better position than Indiana to negotiate with One-Stop partners because all the mandated partners and the WIA Title I funds fall under the same State agency, except for programs directly funded by the federal government such as Jobs Corps and Migrant and Seasonal Workers Programs. Many WIB members commented that the WIB did not have a carrot or a stick to guide other One-Stop partners to allocate costs or coordinate services. This lack of incentive was especially a problem in the North Central area where the One-Stop was being operated by a consortium of partners. The WIB was mandated to establish a One-Stop, yet they did not feel they were given the tools to do so.

ETA's response

"The passage of the Workforce Investment Act was not accompanied by substantial new funding. Instead, it is hoped that partnership between and among multiple programs will provide the local boards with opportunities to realize increased efficiency and economies of scale. The Act, paradoxically, anticipates increased services, improved performance, more strategic planning, and at the same time, restricts administrative costs at the local level to only 10 percent of the funds available. The final regulations will provide a definition of 'administrative costs' that will allow local boards to function, but funding will be a constant and critical issue."

GUIDANCE AND COORDINATION

Guidance from Department of Labor

In Kentucky, State and local staff and local WIB members expressed concern about insufficient information and guidance from the U.S. Department of Labor. Kentucky's State staff told us that DOL takes months to answer their questions and sometimes they give no answers at all. The State staff has been frustrated when they have made policy decisions and DOL finds the policy unacceptable, but offers no guidance as to what they are looking for. Louisville/Jefferson County's staff chose to move forward on decisions rather than wait for DOL to answer their questions. Purchase/Pennyrile staff fear that business people will lose interest if they are constantly told they have to redraft policy. In Kentucky, when WIB directors are unable to get an answer from DOL, the 11 WIB directors come to an informal agreement among themselves. State and local staff realize part of the lack of guidance comes from the fact that Kentucky is an early implementation State. However, they hope that DOL will not force them to change course later. At the time we conducted our site visits, the Department of Labor had not issued final regulations.

When asked why business participation and interest in the WIB was so strong, many responded that low unemployment has made workforce development an important issue for the private sector. Businesses cannot continue to grow if employers cannot find qualified workers. While praising WIA's flexibility, some board members mentioned the fear of the "tightening of regulations" that occurred under JTPA. Purchase/Pennyrile WIB members cited JTPA's On-the-Job Training programs: business people found the paperwork requirements too cumbersome and chose not to participate in the program.

If WIA's regulations become too prescriptive, business people may look to other organizations to meet their workforce development needs. For example, in Kentucky, both workforce investment areas that we visited contained a Chamber of Commerce that is raising money from private industry for workforce development. Chambers of Commerce would be in the position to fund programs without complying with federal regulations. Louisville/Jefferson County was also concerned that the Chamber might siphon private money that could go through the WIB.

ETA's response

"To the extent that State and local flexibility are hallmarks of the new workforce investment system, answers may not be available from the Federal staff, but

must be developed jointly by the partners. The Department of Labor has been engaging the system in the development of policies so that all parties not only are aware of the information as it is developed, but have a greater understanding of the purpose and background. Formal documents are disseminated through the assistance of Intergovernmental Organizations representing partners and stakeholders, and are posted on the ***usworkforce.org*** *website for the general public."*

Federal Coordination

Staff also expressed concern that DOL was not coordinating with other federal agencies. For example, the Department of Education (ED) houses Adult Education programs which are mandatory One-Stop partners. The Kentucky State staff mentioned that DOL and ED have two different definitions of the word "placement." These types of problems make it difficult for programs to coordinate services. Each program has to be concerned with meeting their own performance measures. The WIBs and One-Stop partners are also concerned that even if the State works out cost allocation formulas, One-Stop partners will not be able to share resources without violating their authorizing legislation and regulations.

ETA's response

"Over the past several months, the Department of Labor has been working with the Federal Partners at the Departments of Education, Health and Human Services, Housing and Urban Development, Agriculture and other Federal Agencies to develop tools and guidance to assist States and local areas as they design and implement One-Stop service delivery systems.

An Assistant Secretary-level group representing the Federal Partners meets on a monthly basis to address cross-cutting issues and provide joint guidance during the course of implementing the Workforce Investment Act. Unified Planning Guidance was published in January to streamline the process for States to coordinate programs. Recent discussions are focused on the development of resource allocation guidelines to help State and local operators deal with costs and administrative requirements associated with multiple Federal funding streams."

Information Sharing

Because they are in early implementation States, the WIB staff also spends a

considerable amount of time advising WIBs in other States. The WIBs would not only like to see more coordination at the federal level, but also see more information from DOL on best practices. One WIB member suggested that DOL set up an intranet site for WIBs. The site would serve as a quick way to get information from a central location. Currently, WIB staff and WIB members attend meetings and conferences held by ETA and other organizations such as the National Association of Workforce Boards.

Coordination of State Agencies

In Indiana WIB staff and WIB members expressed more frustration at the State level than in Kentucky. Both Indiana WIBs believe that the State could have taken a stronger lead in WIA. Both staffs used the separation of the board from the direct provision of services as an example of where the State had waivered. Indiana originally required boards to divest themselves from service delivery by July 1, 2000. After considering the interim regulations, Indiana changed the state plan and policy to allow board staff to continue delivering services as long as the staff was part of a consortium of partners and not the sole One-Stop operator. Also, in Indiana mandated partners cross State agencies. The Indiana WIBs do not think that the State agencies are coordinating with one another, which causes coordination problems at the local level.

CONCLUSIONS

The four sites we visited were very different in their labor market conditions, contexts and One-Stop histories. These differences affected the formation of the local workforce investment board. Louisville/Jefferson County decided to form an entirely new board. Northern Indiana and Purchase/Pennyrile required PIC members to go through the same nominating process as new members. Both boards have WIB members that served on the PIC. North Central Indiana decided to retain their PIC as the core of the WIB and add the new members mandated by WIA.

Although the boards were very different, they were all struggling with many of the same problems such as managing a large board and funding. As early implementation States, Indiana and Kentucky are struggling because they are among the first States to carry out the act. One WIB staffer described it as "trying to fly the airplane while you're building it."

Despite challenges, the WIB staff and WIB members that we interviewed support the vision of WIA and the idea of creating an integrated workforce investment system for their local area. They see the WIB's role as not just managing program

funding, but developing a system for workforce development.

RECOMMENDATIONS

This report contains no recommendations. However, the case studies offer examples of the opportunities and challenges facing local boards.

Contributors to this report:

Mary Elizabeth McNeill
Lifang Chiang
Dennis J. Raymond

Amy C. Friedlander, Director, Division of Evaluations and Inspections

APPENDIX A

STATE PROFILES

INDIANA

Indiana began transitioning to an integrated workforce development system in the mid 1980s. In 1987, the State merged the Indiana Office of Occupational Development, which administered Job Training and Partnership Act (JTPA) funds and the Indiana Employment Security Division, which administered Wagner-Peyser and Unemployment Insurance funds, into the Department of Employment and Training Services (DETS). In 1991, the State formed the Department of Workforce Development (DWD) by merging DETS with the Commission on Vocational and Technical Education and Office of Workforce Literacy. Although DWD houses many of the One-Stop partners required by WIA, the Family and Social Services Administration administers Vocational Rehabilitation, Community Services Block Grants and Title V Older Workers programs. By 1992, each of Indiana's 16 JTPA Service Delivery Areas had at least one One-Stop, also known as a Workforce Indiana Center, which co-located JTPA, Wagner-Peyser and Unemployment Insurance staff. Indiana established a State Human Resources Investment Council (HRIC) in 1993. Indiana grandfathered in the HRIC as its State Workforce Investment Board for one year. Indiana passed a State law requiring the HRIC to meet WIA membership composition requirements by July 1, 2000.

Pursuant to the wishes of the local elected officials (LEOs), Indiana retained the JTPA service delivery areas as the WIA workforce investment areas. However, in 1998 Indiana conducted a study that identified 12 economic regions or workforce investment markets. WIBs located in the same economic regions must submit a joint economic development plan and coordinate their efforts. The economic regions will be used to the extent possible to redraw administrative boundaries if a WIB fails to meet its performance measures.

In addition to WIA WIB requirements, Indiana requires that Organized Labor comprise 15% of the local boards. The State also requires WIBs to form Incumbent Worker Councils. These councils deal with issues affecting the under-employed and are to have the same relationship to the WIB as Youth Councils.

Indiana has certified all local WIBs. Certification was based on minimum WIA requirements, mainly board composition. Indiana would like to establish a "second-tier" of board certification based on WIB performance. Indiana is also

starting to charter One-Stops. Once chartered, a One-Stop may use the neutral identifier, Work One. The State's goal is to identify and reward quality WIBs and One-Stops through the chartering process.

KENTUCKY

Like Indiana, Kentucky established One-Stops before WIA. Kentucky's One-Stop delivery system was parallel to its JTPA program. One-Stop boards were separate from PICs and had different administrative boundaries. When the State decided to designate workforce investment areas under WIA, Kentucky had 120 counties, 11 JTPA service delivery areas and 15 Area Development Districts, in addition to the One-Stop administrative boundaries. One of the JTPA service delivery areas that contained 23 rural counties was a concentrated employment program and as a consequence, it qualified for automatic designation under WIA. The State agreed to designate the JTPA service delivery areas as workforce investment areas; however, none of the areas could grandfather in their PICs. Any PIC member who wanted to serve on the WIB, had to go through the same nomination process as new members. Kentucky also decided to form a new board at the State level.

The Cabinet for Workforce Development provides State oversight of WIA. The Cabinet for Workforce Development contains agencies that are responsible for JTPA, Carl D. Perkins Vocational and Applied Technology Education Act, the Adult Education Act, the Vocational Rehabilitation Act, the School-to-Work Act, and the One-Stop Career Center Initiative. In addition, the Cabinet houses the State's Occupational Information Coordinating Committee, the State Board for Adult and Technical Education, the State Board for Proprietary Education, and the Workforce Partnership Council. The State staff attributes much of Kentucky's success in implementation to increased interaction and communication among State agencies.

The State staff also attributes the State's success to Kentucky's Governor, who provides strong State leadership for WIA implementation. State staff told us that the Governor decided that Kentucky should be an early implementation State and has provided the Cabinet of Workforce Development's Office of Training and ReEmployment with the support needed to make it happen.

APPENDIX B

WIB PROFILES

NORTHERN INDIANA

Board Formation

In forming the WIB, the staff worked on building a diverse board with equitable county representation. The staff divided board slots among counties based on population. They also retained a few slots for entities that represented the region. As required by WIA, appropriate entities were asked to make nominations to the board. A Membership Development Committee reviewed the nominations. The committee and the staff met with and personally recruited potential WIB members. After the committee recruited members and ascertained that membership would meet State and federal requirements, the nominations were forwarded to local elected officials for appointment. The Chief Elected Official appointed regional representatives. JTPA Private Industry Council (PIC) members who were interested in serving on the board were required to go through the same nominating process as new members. Of 35 PIC members, 16 transitioned to the WIB.

One-Stop Operations

One of the more difficult issues for the WIB has been separating the WIB from delivery of service. After much discussion, the WIB has decided to use a competitive process to select the One-Stop operator. The Systems committee was originally going to recommend that the board designate a consortium of partners as the operator, but the committee and the board decided that in order to be "an honest broker" they needed to adopt a competitive process. One of the reasons the board hesitated to choose the competitive option was because the decision affected 50 jobs. The WIB hopes that the current employees will form a new non-profit entity. For the first year, the WIB will enter into a sole source contract with the new entity. The next year the process will be opened to the public. The WIB fears that if they are not allowed to sole source contract the first year, then the new entity will not be able to compete with established organizations that have a performance record.

NORTH CENTRAL INDIANA

Board Formation

In 1996, the North Central Indiana PIC decided to separate from the provision of services. PIC members and staff held several retreats and planning sessions to discuss the transition. When forming the WIB, the CEO agreed to keep the PIC intact and add the new members mandated by WIA. The CEO, staff and PIC reasoned that keeping the PIC together would provide the WIB with a core group that worked well together and understood the transition plan. This way, the WIB would retain a certain knowledge base that it would not have had otherwise. As one WIB member put it, keeping the PIC together allowed the WIB "to hit the ground running."

The North Central Indiana workforce investment area is composed of 6 rural counties. When the staff started recruiting new members, they had difficulty attracting the level of business person they wanted. Because North Central Indiana is a rural area and does not have a large number of businesses, many of the business leaders were already involved in numerous community activities. Two of the area's large manufacturing employers chose not to participate. In addition, one of the area's Chambers of Commerce did not want to make nominations because they felt that the 4 to 6 hour per month time commitment was too much to ask of its members.

The staff also had problems meeting the State requirements for labor representation. Under Indiana's requirements for WIB certification, the board went from two labor positions with the PIC, to eight under WIA. The central labor council took three months to make nominations. One of the major employers in the area is Chrysler; however, the United Auto Workers are not represented on the board because they are not affiliated with the AFL-CIO and therefore not part of the central labor council. One WIB member also pointed out that not all of the counties contain organized labor and he would like to see workers who are not unionized represented on the board.

One-Stop Operations

Although the board and the staff see their roles as developing a workforce development system and working on "big picture" issues such as economic development, the WIB and the staff are spending much of their time dealing with the day-to-day issues of the One-Stop. The WIB decided to designate a consortium of 5 One-Stop partners as operator. Although North Central has had a One-Stop for several years, the former One-Stop did not involve as many partners

or partners from different State agencies. Unable to purchase or lease a new building, the new partners have located into the old One-Stop building, which is owned by the Department of Workforce Development. The board is wrestling with management concerns such as how to allocate resources and share staff. The staff believes that one of the issues is lack of leadership. While the partners are co-located, they are not yet unified in their efforts. The WIB would like to hire a manager funded jointly by the partners to provide leadership and guidance to all employees. Currently, there is one One-Stop in the four county region.

LOUISVILLE/JEFFERSON COUNTY

Board Formation

The Louisville/Jefferson County Workforce Investment Area encompasses a metropolitan area with a population of approximately 700,000. When developing the WIB, the staff worked very closely with the Mayor, County Judge Executive (Chief County Official) and the Metropolitan Chamber of Commerce, Greater Louisville, Inc. The staff had no problem recruiting new members. The support of the local elected officials and Chamber helped form a very powerful WIB, which is comprised of Louisville/Jefferson County's business and community leaders. Approximately 75% of WIB members are new, with virtually all of the business representatives being newly appointed. The Mayor and the County Judge remain active on the board.

One-Stop Operations

Prior to the formation of the WIB, the local elected officials decided that they wanted to divest the WIB from the provision of services and institute a competitive process to select a One-Stop operator. This decision meant a staff reduction. The JTPA/PIC staff went from 60 to 18. Both the local elected officials and the WIB Executive Director believe this was the right decision. The Louisville/Jefferson County Area has four One-Stops. The operation of the One-Stops is contracted out to Career Resources, Inc (CRI). CRI's contract to operate the centers expires on June 30, 2000; a Request for Proposals (RFP) was issued in January 2000 for solicitation of service provision beginning in July 2000.

PURCHASE/PENNYRILE

Board Formation

The Purchase-Pennyrile Workforce Investment Area encompasses 17 counties in rural western Kentucky and has a population of 387,000. The area combines two

Area Development Districts, the Purchase Area Development District and the Pennyrile Area Development District. Area Development Districts (ADD) are economic development regions that were formed in the 1960's. The WIB staff is housed at the Pennyrile Area Development District offices, and the Pennyrile ADD serves as the Purchase/Pennyrile's fiscal agent or grant recipient. Each ADD holds a monthly meeting of local elected officials including mayors and county judges. These meetings give the WIB director and staff an opportunity to brief local elected officials. The Chairman of each of the two ADDs serve as the Chief Elected Officials on the board.

Each local elected official was asked to make nominations from his or her county. About half the board members are new. LEOs used the formation of the WIB as an opportunity to remove PIC members who were not participating. Increased size was not an issue. The PIC had 43 members. Under WIA, board size only increased by 5 to 48.

One-Stop Operation

WIB staff delivers WIA Title 1 services at the One-Stops. Under WIA, a board may continue to deliver services with the permission of the Governor. Kentucky's Governor granted his permission for Purchase/Pennyrile because the WIB was able to demonstrate that no one else in the area could provide the services. The PIC got very few responses to Welfare-to-Work and summer youth Requests for Proposals. The responses they received were not of high quality. The staff finally resorted to combining a fill-in-the-blank form with the narrative.

The most pressing concern for the WIB since its formation has been establishing a dislocated workers policy. Prior to WIA, the board did not operate the area's dislocated workers program. The transition to WIA has been coupled with the loss of 2000 jobs in the area. The WIB has not been able to concentrate on long term planning. Instead, it has been faced with meeting the immediate needs of the area's dislocated workers. The WIB staff is proud of the fact that they served dislocated workers while developing their policy. No one was forced to wait while the board set policy.

APPENDIX C

ACRONYMS

ADD	Area Development District
CEO	Chief Elected Official
DOL	Department of Labor
ED	Department of Education
ETA	Employment and Training Administration
HRIC	Human Resource Investment Council
ITA	Individual Training Account
JTPA	Job Training and Partnership Act
LEO	Local Elected Official
LWIB	Local Workforce Investment Board
MOU	Memorandum of Understanding
NAWB	National Association of Workforce Boards
NCSL	National Conference of State Legislatures
NGA	National Governors' Association
OIG	Office of Inspector General
PIC	Private Industry Council
WIA	Workforce Investment Act
WIB	Workforce Investment Board

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

MAR 29 2000

MEMORANDUM FOR: JOSE M. RALLS
Acting Assistant Inspector General
Office of Analysis, Complaints and Evaluations

FROM: RAYMOND L. BRAMUCCI
Assistant Secretary for Employment
and Training

SUBJECT: Draft Report Entitled Overview of the Formulation of Local Workforce Investment Boards Under the Workforce Investment Act (WIA)

Thank you for the opportunity to review and comment on the subject draft report. The expectations for system reform embodied in the Workforce Investment Act will be realized, in large measure, only if the local workforce investment boards are effective and engaged.

We note that the report contains no recommendations, but the study has identified several challenges common to all of the workforce investment boards studied. These challenges included board size, the role of staff, funding, and guidance and coordination. We would like to provide the following observations on these challenges:

Board Size. Large boards are difficult for local areas to manage. However, not only are the specific membership requirements described in the Act, the commitment to inclusion and partnership is fundamental to the spirit of the Act. This was recognized by the local areas visited for this study. We anticipate that language in our final regulations will offer some guidance to local areas in how to manage the size of the boards and still meet the letter and intent of the Act.

The Role of Staff. Staff have the responsibility to provide the research and technical support for the local workforce investment board to function effectively. The board is to assume a strategic role in the workforce investment system, and remain at arms length from the day-to-day operational issues. This means that the local board must maintain a separate staff that remains independent of the One-Stop operator.

Funding. The passage of the Workforce Investment Act was not accompanied by substantial new funding. Instead, it is hoped that partnership between and among multiple programs will provide the local boards with opportunities to realize increased efficiency and economies of scale. The Act, paradoxically, anticipates increased services, improved performance, more strategic planning, and at the same time, restricts administrative costs at the local level to only 10 percent of the funds available. The final regulations will provide a definition of "administrative costs" that will allow the local boards to function, but funding will be a constant and critical issue.

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Guidance. To the extent that State and local flexibility are hallmarks of the new workforce investment system, answers may not be available from the Federal staff, but must be developed jointly by the partners. The Department of Labor has been engaging the system in the development of policies so that all parties not only are aware of the information as it is developed, but have a greater understanding of the purpose and background. Formal documents are disseminated through the assistance of the Intergovernmental Organizations representing partners and stakeholders, and are posted on the **usworkforce.org** website for the general public.

Coordination. Over the past several months, The Department of Labor has been working with the Federal Partners at the Departments of Education, Health and Human Services, Housing and Urban Development, Agriculture and other Federal Agencies to develop tools and guidance to assist States and local areas as they design and implement One-Stop service delivery systems.

An Assistant Secretary-level group representing the Federal Partners meets on a monthly basis to address cross-cutting issues and provide joint guidance during the course of implementing the Workforce Investment Act. Unified Planning Guidance was published in January to streamline the process for States to coordinate programs. Recent discussions are focused on the development of resource allocation guidelines to help State and local operators deal with costs and administrative requirements associated with multiple Federal funding streams.

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